

SCHEDULE A - 4

RURAL AND NATIVE HOUSING
HOMEOWNERSHIP ASSISTANCE PROGRAM
NORTHWEST TERRITORIES

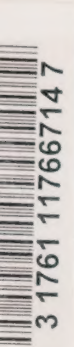
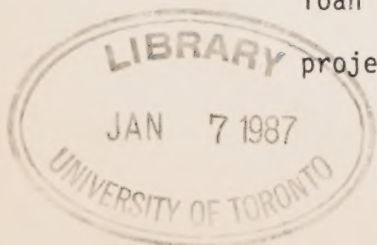
The Homeownership Assistance Program (HAP) will be delivered and administered by Northwest Territories Housing Corporation (NWT HC).

1. OBJECTIVE

To assist Native and non-Native households in core housing need in rural areas to build for themselves, affordable, adequate and suitable homeownership housing.

2. PROGRAM DESCRIPTION

The RNH Homeownership Assistance Program provides funds to assist eligible clients in the construction of units including a supplied materials package and some site, foundation and skilled technical work. Clients are expected to provide local labour or sweat equity in the construction of the unit. NWT HC shall provide loans to clients for 50 percent of the total eligible project costs, however, the security taken by NWT HC shall cover the full financial investment of both Parties. NWT HC loans shall cover 100 percent of the eligible costs associated with site, foundation and skilled technical work plus whatever portion of the cost of a supplied materials package is necessary to bring NWT HC's total loan amount up to 50 percent of the total eligible project costs. CMHC shall only provide a supplied

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materials package. CMHC's funding shall not exceed 50 percent of the total eligible project costs but shall not be less than 50 percent of the costs of a supplied materials package. Forgiveness will be earned monthly over 5 years in equal instalments commencing in the month of occupancy or substantial completion of the project whichever occurs first and provided principal residency status is maintained by the client over the five years. Program costs are shared by Canada and the Northwest Territories on a 50/50 basis.

Enabling Federal Legislation

National Housing Act:

- . Provision of Building Materials and Equipment -
Section 55

Enabling Territorial Legislation

Northwest Territories Housing Corporation Act:

- . Subsection 10(d)
- . Section 27
- . Section 34

3. ELIGIBILITY CRITERIA

3.1 Delivery Agents

Local community groups or individuals agreed to by the parties may be involved in the planning, delivery and administration of the program.

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3.2 Areas

Rural areas of 2 500 or less persons, are eligible for the Program. Rural municipal jurisdictions having a population of greater than 2 500 persons but where the population is dispersed, (i.e. no population core or centre of more than 2 500 persons), are considered rural areas eligible for the RNH program. Up to 10% of HAP units may be provided in population centres of 2 500 to 5 000 persons.

3.3 Clients

- . Native and non-Native households in core housing need, as defined in the Global Agreement, with total household income as defined in Appendix "1" which falls below the core need income threshold, are eligible.
- . To participate in the Homeownership Assistance Program, the applicant must have at the time of application, land and sufficient income to cover the basic necessities of living plus the operating costs of the unit including fuel, electricity, water, sanitation, property taxes, insurance, regular maintenance/repair and debt servicing costs for all other expected client indebtedness.

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- . Unless the applicant has made other arrangements for house construction, the NWTHC must ensure that the applicant has the skill, knowledge and initiative to build the selected house. As the program provides only some assistance, the applicant must be able to make up the difference in owner labour, cash, other assistance or privately arranged loan financing.
- . Neither applicant nor spouse may have received previous homeownership assistance from NWTHC under HAP, Small Settlement Home Assistance Grant Program or Rural and Remote Program. A client applying for assistance under the program who has previously owned or rented a CMHC or NWTHC unit, and who is in arrears on that property or has caused a loss to CMHC or NWTHC, does not qualify for the program until those arrears or losses are paid in full.

3.4 Units

Only housing unit designs approved by NWTHC and acceptable to CMHC are eligible. Unit specifications, municipal bylaws and Territorial acts, licenses, codes and Workers' Compensation requirements must be adhered to. Construction shall meet such building codes and standards as both parties may agree to.

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4. ELIGIBLE PROJECT COSTS/ASSISTANCE

4.1 Project Costs

Eligible project costs include:

- . Materials and freight expenses relative to the physical delivery of the materials package.
- . Expenses relative to site preparation, eligible site supervision costs not covered through other funds from Canada, and the installation, by a qualified electrician, of the electrical portion of the materials package.
- . Other project costs which the Parties may agree to.

5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Targeting

All clients must be in core housing need. NWTHC will ensure that the aggregate of all units/funds for both the Rural and Native Housing Homeownership and Rental Program and Homeownership Assistance Program are allocated within the geographic areas specified in the Operating Agreement and to priority groups in accordance with the approved three-year plan attached as Schedule B of the Operating Agreement.

Ninety percent of the aggregate of units committed through both the Rural and Native Housing Homeownership and Rental Program and the Homeownership Assistance Program are to be targeted to eligible Native

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households. Taking into account the planning process, NWTHC will assist families and senior citizens within this priority group with the intent to direct assistance in accordance with their share of core housing need relative to each other.

For eligible non-Native households, NWTHC, taking into account the planning process, will assist families and senior citizens with the intent to direct assistance in accordance with their share of core housing need relative to each other based on the aggregate of committed RNH and HAP units.

Within the core housing need income limits, the aggregate number of RNH and HAP units directed to households at the upper income levels shall not exceed their proportionate share of need.

5.2 Delivery

Approved agents such as community groups may participate in delivery and administration of the program by acting as organizers and builders. Where an agent is involved in program delivery and/or program administration, fees-for-service approved by CMHC and NWTHC may be paid. Agents contract their services with the NWTHC through an Agency Agreement. The Fee-for-Service Agency Agreement stipulates the scope, terms, conditions, fees, roles and

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responsibilities of the agent, and will be in a form acceptable to both CMHC and NWTHC. This agreement will permit the advancing of HAP funds directly to the agent/group as construction progresses in exchange for unit construction and turnover to qualified applicants.

6. COMMITMENT

NWTHC approves commitments after ensuring that eligible clients have been identified for the units and program guidelines have been adhered to. Where a delivery agent is involved, the agent provides NWTHC with a recommendation on commitments.

A commitment of a HAP unit is made upon formal approval of the HAP application by NWTHC.

Except in extenuating circumstances, each to be mutually agreed upon, commitments for HAP units will be cancelled if construction has not started within six months of the date of the Notice of Commitment.

The reporting of commitment take-up will be:

. Capital Commitment Dollars

The dollar value of the funds approved and increases/decreases thereto for project costs as defined in Section 4.1, Project Costs.

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. Subsidy Units

The number of units committed for which payment forgiveness will be provided within the subsidy unit budget. A unit is defined as a self-contained dwelling in detached or multiple housing form to be occupied by one eligible household.

7. ADVANCING

Where a project or unit commitment has been made, NWTHC will ensure that the appropriate title/deed documents and mortgage have been registered or other acceptable security including adequate security to protect the materials package have been obtained prior to any advances being made. NWTHC will ensure that the applicant controls the land upon which the unit is to be constructed by having title, long-term lease (5 years beyond loan term) or Band Council Resolution allowing the applicant long term use of the land before the materials package is delivered to the site.

NWTHC makes advances on units in accordance with program guidelines. NWTHC performs a final inspection to ensure that all work has been completed and is in reasonable conformity with required Standards. Upon final advance, and in any event, within 6 months of Interest Adjustment Date, a final cost certificate will be submitted to CMHC and any unused commitment dollars will be cancelled.

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Confirmation of Interest Adjustment Date and final capital costs will be provided to CMHC within 30 days of Interest Adjustment Date.

CMHC will advance 50% of the cost of the materials package when purchased by NWTHC and will provide an additional advance towards the purchase of this package, up to the limits specified in clause 2, upon submission of the final capital cost certificate for the project.

8. PROJECT/PORTFOLIO ADMINISTRATION

NWTHC will administer the RNH Homeownership Assistance Program portfolio in a prudent, cost-effective manner in accordance with program guidelines. Agents acceptable to CMHC and NWTHC may be utilized to perform administrative services on HAP units/accounts such as securing vacant units.

9. ELIGIBLE PROGRAM COSTS

The eligible program costs of the HAP Program will be shared on a 50/50 basis (as detailed in clause 2 above) by Canada and the Northwest Territories. Eligible program costs include:

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9.1 Budgetary Costs

Budgetary costs include the following:

. Fees-for-service - Delivery Agents

Fees-for-service paid to eligible program delivery agents for work they perform in the delivery and/or administration of the program. Fee levels will be jointly determined by CMHC and NWTHC. Fees-for-service are not applicable on program delivery or administration activities which NWTHC performs directly, without Agent involvement.

. Payment Forgiveness

Monthly payment forgiveness toward the repayment of the NWTHC loan and the CMHC assistance. In the event that a unit is abandoned before the complete amount of the forgiveness of repayments are made, the remaining forgiveness of repayments will be considered an eligible program cost.

. Interest on Unearned Forgiveness

Any interest charges relating to capital advances. Such interest charges will be absorbed by Canada on CMHC's share.

. Holding/selling costs on reacquired units.

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. Financing Interest

Any financing interest payable on budgetary receipts and disbursements will be calculated at an interest rate acceptable to CMHC and NWTHC. Interest in such cases will be calculated on net expenditures to the date of reimbursement.

. Program Delivery and Administration Costs

Eligible costs of delivery and administration based on performance standards acceptable to CMHC.

. Publicity

The cost of program publicity measures and materials as agreed upon by CMHC and NWTHC.

9.2 Non-Budgetary Costs

Non-budgetary costs include:

. Eligible Project Costs

Costs of a project as outlined above in 4, "Eligible Project Costs/ Assistance".

10. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule and are specified in the program guidelines.

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11. INFORMATION REQUIREMENTS

NWTHC will ensure that all information requirements outlined in Appendix "2" of this Schedule and specified in program guidelines, are provided to CMHC.

Commitment data will be provided no later than 30 days following the month a commitment is made. Updates to previously communicated commitment data will be transmitted on a similar basis.

Information pertaining to clients served by the program will be obtained once a year and no later than 31 March of the subsequent year. This will provide details on clients served in all units under administration, or receiving subsidies, as at 31 December of that year.

Annual project operating data will support the final audited claims and this, along with client information, will be used as the basis for adjustments in federal payments of subsidy assistance, if necessary.

PROGRAM ELIGIBILITY

DEFINITION OF TOTAL HOUSEHOLD INCOME

For purposes of determining eligibility under this program, total household income is the total income of the household (before tax) from all sources for all persons in the household 15 years of age and over, as defined by Statistics Canada in its most recent Household Income, Facilities and Equipment data base documentation.

FEDERAL PAYMENT-TO-INCOME SCALE

DEFINITION OF ADJUSTED INCOME

There are no client payments under this program and accordingly no adjustments to client income.

INFORMATION REQUIREMENTS: SUMMARY

Commitment Data:

- . this data is submitted by way of Notice of Commitment forms in monthly bundles;
- . the Notice of Commitment forms contain the following data elements:
 - commitment type;
 - client type served;
 - project location, codes and address;
 - applicant details, type, name and address;
 - location, loan amount, number of units proposed.
 - project description:
 - description of dwelling,
 - number of units by unit and building type,
 - use of floor area;
 - financial data:
 - project financing, amount, terms, rates,
 - equity,
 - grants;
 - project capital costs:
 - materials, freight, site preparation, site supervision, electrical;
 - project procurement and acquisition technique;
 - services to the project and source (sanitary services, electricity, water);
 - delivery agency identifier;
 - agency fee information;
 - project recycling information;
 - account identification information.
- . this information, or part of it will be updated through a project's life cycle (e.g. at commitment, at establishment of IAD, at final costs).

Client Data:

- . this data is provided once a year and pertains to clients served in that year;
- . the data provided will pertain to:
 - household composition;
 - household income and its source;
 - Native ancestry;
 - presence of special needs;
 - size and type of dwelling occupied;
 - condition and affordability of household's previous dwelling.

Operating Data:

- . this data is provided once a year and contains the following generic data elements:
 - annual contribution toward repayable loan;
 - units under administration;
 - defaults;
 - reacquired units.

Data on characteristics of the proposed units (average cost of materials per unit, average per unit of other capitalized costs, average unit total and proposed phase-in rates) will be required to support the derivation of expenditures.

A. BUDGET PREPARATION (Cont'd)

2. Commitments - Budgetary

Commitments for loans, repayments of which will be forgiven, will be expressed in terms of budgetary dollars required.

- Non-budgetary

Commitments for units will be expressed in terms of capital (non-budgetary) dollars required and will be supplemented by data on characteristics of proposed units as described under 1 (Commitments - Units).

3. Budgetary Expenditures

Budgetary expenditures will be displayed by type of expenditure (e.g. contributions, agency fees, delivery and administration costs, and financing interest) in accordance with program guidelines.

4. Cash Flow - Budgetary

A summary of the expected quarterly cash flow of budgetary expenditures will be provided to assist in cash management.

- Non-budgetary

A summary of the expected quarterly cash flow of non-budgetary expenditures will be provided to assist in cash management.

B. BUDGET ADMINISTRATION

The approved annual budget is contained in Schedule B of the Operating Agreement. Changes to an approved budget must be determined and communicated in accordance with the Operating Agreement and the guidelines.

C. COMMITMENTS

A summary statement of commitment activity for the month is to be submitted within five working days of month end to permit timely monitoring and reporting of committed and uncommitted budgets. This statement is to be supported by a detailed listing by account number for each new commitment made in the month and of any change in that month to commitments made previously. This listing will be used to ensure that all individual commitment forms are transmitted by NWTHC.

Commitment activity will be split between current year's and increases, decreases and cancellations of prior years' commitments. Commitments for housing units will be reported in units and in capital dollars. Capital dollars will be segregated between the costs of materials and freight, and other capital costs.

D CLAIMS

Claims for settlement between the parties will be submitted on a monthly basis within thirty days of the end of the month to which the transaction relate. Claims will contain sufficient information to permit:

- a) interim verification that the amounts being claimed or remitted are reasonable and within approved budgets;
- b) the recording of the necessary accounting entries relating to budgetary and non-budgetary expenditures and asset balances; and
- c) the monitoring of the status of the portfolio through continuity schedules of units committed, units under subsidy and asset balances.

The entire financial activity of the program shall be reported by NWTHC, together with each party's proportionate share of expenditures.

D CLAIMS (Cont'd)

Budgetary expenditures related to prior year accruals will be reported.

Amounts claimed for budgetary expenditures may be based upon estimates of actual activity. Estimates must be adjusted to actual on a periodic basis in accordance with program guidelines.

The monthly claim for the Rural and Native Homeownership Assistance Program will include:

1. Continuity Schedule: Asset Balances and Units.

This schedule is required to enable CMHC to monitor the status of the portfolio in terms of non-budgetary expenditures and units, both under advancing and under repayment. Sufficient information will be included on commitments, advances covering capital costs, forgiveness, and other asset related activity to ensure that advances are within commitment amount and to record financial activity not requiring cash settlement. A listing, by project, of loan amounts being transferred from under advancing to under repayment at IAD will be provided and will reconcile to the continuity schedule.

This schedule will also contain information on the number of units that have been committed in the program, those that are under repayment, and those that are committed but not yet fully advanced ("outstanding commitments").

2. Expenditures

A report of actual expenditures and forgiveness or an estimate of expenditures incurred during the month is required to monitor the financial impacts of the program and to inform CMHC of its share of the expenditures.

The expenditures will be displayed by the following categories: NWTHC repayment forgiven, CMHC repayment forgiven, delivery and administration costs and financing interest. Sufficient data will be provided to support the agency fees, and the delivery and administration costs claimed. It is not necessary to provide detailed object of expenditure information in support of the amounts claimed monthly for delivery and administration costs.

The report will also disclose the respective share of the expenditures of CMHC and NWTHC and the amounts for which reimbursement is being requested by NWTHC.

E. ANNUAL INFORMATION - AUDITED

The audited statement of budgetary and non-budgetary expenditures will provide an independent verification of the proper use of funds in accordance with the Operating Agreement and program guidelines and will be used to determine the final amount payable to or recoverable from NWTHC for the fiscal year ending 31 March.

The audited statement and its supporting schedules will contain information at a level similar to that provided on the monthly claims for the fiscal year.

This statement and its supporting schedules will be accompanied by operating data at the project level as outlined in Appendix "2" (Information Requirements) of this Schedule. Budgetary expenditures will be broken down by year of commitment in a supporting schedule. This schedule does not require audit and may be based on reasonable estimates.

Audited information will be submitted no later than 30th September.

ANNUAL INFORMATION - UNAUDITED

Annual outstanding commitment and asset balance information, by account, as at 31 December will be submitted for planning and monitoring purposes and to support information contained in CMHC's records.

A listing by project of outstanding commitment information will be presented by year of commitment and show the total advances to date including interest, if any, for loans.

A listing by project of asset balances and terms (interest rate, IAD, amortization period) will be provided.

This information is required to reconcile the detailed asset and commitment files maintained by CMHC to those of NWTHC.

Unaudited information must be submitted to CMHC no later than 31 January.

F. BUDGETARY EXPENDITURE ACCRUALS

Budgetary expenditures which have been incurred but not disbursed within the fiscal year ending 31 March and which, in accordance with program guidelines, should be charged to the budget for that year, will be reported by NWTHC by 30 April. This information will be certified by a senior financial officer of NWTHC. Estimates of the accruals can be submitted at this time but will have to be adjusted to actuals when the final audited statement of expenditures is submitted.